

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO
RICO, *et al.*,

Debtors.*

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**NOTICE OF SUBMISSION OF DEMONSTRATIVE
PRESENTATION IN CONNECTION WITH CLOSING ARGUMENT**

PLEASE TAKE NOTICE that closing arguments in the hearing to consider confirmation of the *Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.*, dated November 21, 2021 (Dkt. No. 19323), will take place on November 22, 2021 at 9:30 a.m. (Atlantic Standard Time).

* The Debtors in these Title III cases, along with each Debtor's respective bankruptcy case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (iv) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit A** is a presentation the Lawful Constitutional Debt Coalition¹ intends to use in their closing argument.

PLEASE TAKE FURTHER NOTICE that all documents filed in these Title III Cases are available (a) free of charge by visiting <https://cases.primeclerk.com/puertorico> or by calling +1 (844) 822-9231, and (b) on the Court's website at <http://www.prd.uscourts.gov>, subject to the procedures and fees set forth therein.

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¹ The members of the LCDC and their respective holdings are set forth in the Thirteenth Supplemental Verified Statement of the Lawful Constitutional Debt Coalition Pursuant to Federal Rule of Bankruptcy Procedure 2019 (Dkt. No. 19128).

DATED: November 22, 2021
REICHARD & ESCALERA

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

By :

/s/ Rafael Escalera
Rafael Escalera
USDC No. 122609
escalera@reichardescalera.com

/s/ Sylvia M. Arizmendi
Sylvia M. Arizmendi
USDC-PR 210714
arizmendis@reichardescalera.com

/s/ Carlos R. Rivera-Ortiz
Carlos R. Rivera-Ortiz
USDC-PR 303409
riverac@reichardescalera.com

255 Ponce de León Avenue
MCS Plaza, 10th Floor
San Juan, Puerto Rico 00917-1913

Susheel Kirpalani (*pro hac vice*)
susheelkirpalani@quinnemanuel.com

Daniel Salinas
USDC-PR 224006
danielsalinas@quinnemanuel.com

Eric Kay (*pro hac vice*)
erickay@quinnemanuel.com

Zachary Russell (*pro hac vice*)
zacharyrussell@quinnemanuel.com

51 Madison Avenue, 22nd Floor
New York, New York 10010-1603

Co-Counsel for the Lawful Constitutional Debt Coalition

CERTIFICATE OF SERVICE

I hereby certify that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to counsel for the parties of record.

/s/ Carlos R. Rivera-Ortiz

USDC-PR 303409

Exhibit A

In re Commonwealth of Puerto Rico, et al.

Lawful Constitutional Debt Coalition Closing Presentation Slides

Case. No. 17-03283 (LTS)
United States District Court for the District of Puerto Rico
Nov. 22, 2021

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Part I:	Good Faith Negotiations
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Good Faith Negotiations

Jaresko Testimony

29. As described herein, following the filing of the Debtors' Title III Cases, the Oversight Board, either directly or through its advisors, engaged in extensive mediation sessions under the guidance and direction of the Mediation Team, and continued to negotiate directly with various constituencies, all in an effort to build support for the restructuring of Commonwealth

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
THE EMPLOYEES RETIREMENT SYSTEM OF
THE GOVERNMENT OF THE
COMMONWEALTH OF PUERTO RICO, AND
THE PUERTO RICO PUBLIC BUILDINGS
AUTHORITY,

Debtors.¹

PROCEEDINGS
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**DECLARATION OF NATALIE JARESKO IN RESPECT OF
CONFIRMATION OF SEVENTH AMENDED TITLE III JOINT PLAN
ADJUSTMENT FOR THE COMMONWEALTH OF PUERTO RICO**

I, Natalie A. Jaresko, hereby declare and state as follows:

1. I am the Executive Director of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), the sole Title III representative of the Commonwealth of Puerto Rico (the "Commonwealth"), the Employee Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS"), and the Puerto Rico

201. As described above, I participated in and am familiar with the Oversight Board's discussions and negotiations and agreements reached with respect to the GO/PBA PSA, the PRIFA BANs Stipulation, the ERS Stipulation, the HTA/CCDA PSA, PRIFA PSA, and AFSCME PSA. In executing each of these Plan Settlement Agreements, and agreeing to their terms and conditions, the Oversight Board considered, among other things, (i) the extensive, good faith and arm's-length negotiations (led by the Mediation Team) among representatives of the Oversight Board, its consultants, and representatives of certain claim holders, (ii) the risks and expenses (and time

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) the Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 9474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 17-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

202. Each of the Plan Settlement Agreements was reached following months of negotiations directed by the Mediation Team and/or other informal discussions that included party representatives, legal and financial advisors, and involved vigorous debate and discussion on both sides. I believe the negotiations leading to the Plan Settlement Agreements were conducted at arms'-length and in good faith.

Jaresko Decl. Dkt. No. 18729

Skeel Testimony

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UNITED STATES DISTRICT COURT
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THE GOVERNMENT OF THE
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THE PUERTO RICO PUBLIC BUILDINGS
AUTHORITY,Debtors.¹PROMESA
Title III

No. 17 BK 3

(Jointly Adm.

DECLARATION OF DAVID SKEEL
IN RESPECT OF CONFIRMATION OF PLAN
ADJUSTMENT FOR THE COMMONWEALTH OF PUE

I, David A. Skeel, Jr., hereby declare and state as follows:

1. I am the Chairman of the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board" or "Board"), the sole Title III representative of Puerto Rico (the "Commonwealth"), the Employees Retirement System of the Commonwealth of Puerto Rico ("ERS"), and the Puerto Rico Public Buildings Authority

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17. As referenced above, and described generally below, following the filing of the Commonwealth, ERS, and PBA Title III Cases, the Oversight Board, either directly or through its advisors, engaged in extensive mediation sessions under the guidance and direction of the Mediation Team, led by Chief Judge Barbara J. Houser of the United States Bankruptcy Court for the Northern District of Texas, and continued to negotiate directly with various constituencies, all in an effort to build support for the restructuring of Commonwealth debt. I participated in many of the negotiation and mediation sessions on behalf of the Oversight Board. And, for those I did not attend personally, I received real-time detailed reporting of what transpired from either the Executive Director, Natalie Jaresko, the Oversight Board's advisors, or both. Those negotiations resulted in certain agreements with various stakeholders in furtherance of continued development of and additional support for the Plan. The key disputes and litigation resolved by each agreement

33. Each of the PSAs was reached following months of negotiations directed by the Mediation Team and/or other informal discussions that included party representatives, legal and financial advisors, and involved vigorous debate and discussion on both sides. Based on my participation in the negotiations leading to the PSAs, I believe the negotiations were conducted at arms' length and in good faith.

Zelin Testimony

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Document Page 1 of 49UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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THE GOVERNMENT OF THE
COMMONWEALTH OF PUERTO RICO, AND
THE PUERTO RICO PUBLIC BUILDINGS
AUTHORITY,Debtors.¹PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

DECLARATION OF STEVEN ZELIN OF PJT PARTNERS LP ON BEH
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUE
RESPECT OF CONFIRMATION OF SEVENTH AMENDED TITLE III
OF ADJUSTMENT OF THE COMMONWEALTH OF PUERTO RICO

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) the Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 17-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

13. In my role as a senior financial advisor to the Oversight Board, I was intimately involved in the negotiations with various constituents concerning a number of the PSAs and agreements, including the GO/PBA Plan Support Agreement, ERS Stipulation, HTA/CCDA Plan Support Agreement, PRIFA Plan Support Agreement, and agreement with the UCC. I personally participated in the vast majority of the negotiations and discussions concerning those settlements and I have read and am familiar with the terms of the settlements, each as set forth in the Plan. In my opinion, and as described in more detail below, given my participation in the negotiations concerning each of those settlements and my professional experience negotiating many other complex restructuring transactions (many of which are noted above), the settlements reached, both individually and taken as a whole, are reasonable under the facts and circumstances of these cases.

23. The constituencies who participated in the above-described negotiations were instrumental in the development of the GO/PBA PSA and the Second Amended Plan. The negotiations leading to the execution of the GO/PBA PSA were at arm's length and in good faith and led to a compromise of contested positions between the parties to the GO/PBA PSA. The GO/PBA PSA avoids the time, expense and uncertainty of continued litigation, as well as the risk of an all-or-nothing outcome for both sides, which would have the potential of thwarting the restructuring efforts.

Reasonableness of PSA Fees

216. Moreover, the payment of the Consummation Costs, Restriction Fees, and Retail
 rt Fees were critical components of the Plan Settlement Agreements that made development
 Plan possible. Specifically, in consideration for their efforts in assisting in the formulation
 Plan, and to compensate the PSA Creditors for fees and expenses incurred in connection
 the negotiation and execution of the GO/PBA PSA and HTA/CCDA PSA, the Oversight
 determined that it is fair and reasonable for the PSA Creditors to be paid the Consummation
 Additionally, in exchange for agreeing to support the Plan and to “lock up” the parties’
 in accordance with each of the GO/PBA PSA and HTA/CCDA PSA, the Oversight Board
 nined it is fair and reasonable to make PSA Restriction Fees available to such Consummation
 Parties. Similarly, in exchange for executing the ERS Stipulation and agreeing to all of its

Zelin Testimony

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UNITED STATES
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THE EMPLOYEES RETIREMENT SYSTEM
THE GOVERNMENT OF THE
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THE PUERTO RICO PUBLIC BUILDINGS
AUTHORITY,

Debtors.

DECLARATION OF STEVEN ZELIN
FINANCIAL OVERSIGHT AND
RESPECT OF CONFIRMATION
OF ADJUSTMENT OF THE CLAIMS

88. The PSA Fees were bargained-for during the course of Plan negotiations and are not on account of PSA Fees recipients' claims. The consummation costs are provided in consideration of the fees and expenses incurred by holders or insurers of settled claims in connection with the negotiation and execution of their applicable PSA and, among other things, the prosecution of the approval of the Disclosure Statement and confirmation of the Plan, which has taken a significant amount of time and effort to negotiate and file due to the complexity of these cases and intervening external events that complicated the situation such as natural disasters and the COVID-19 pandemic. As consideration for their efforts in assisting in the formulation of the Plan (which has garnered significant creditor support), continuing to assist in the finalization of definitive agreements and ancillary documents, and the costs incurred in those and other efforts, the Oversight Board determined that it was fair and reasonable for the recipients to be paid the consummation costs.

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89. The restriction fees are to compensate signatories to the PSAs for, among other things, executing the applicable PSA and agreeing to all its terms and conditions, including the agreement to support the Plan and "lock-up" their respective bonds in accordance with the terms of the PSA. Such a restriction on the transfer of their bonds greatly increases the chances the signatories to the PSA will participate in and support the Plan, thereby increasing the chances that Plan confirmation can be achieved.

Zelin Testimony Under Cross Examination

14 A. I think I answered that. There was no requirement, but
 15 the willingness to provide it was based upon personal
 16 understanding that the creditors that we were negotiating with
 17 for years were incurring significant expense. And the Board's
 18 willingness to provide that reimbursement, that fee, was with
 19 that knowledge.

76:14-19

3 A. It related to reimbursing those stakeholders who were
 4 active participants in the negotiation for the costs that they
 5 incurred for hiring financial advisors, investment banks, and
 6 lawyers to assist them in those negotiations, perform all the
 7 diligence, so that coming to negotiation, they could have the
 8 facts and information they require for that negotiation to be
 9 arms length and fair.

91:3-9

20 A. I had that belief before I actually saw the estimates,
 21 because we agreed to that before seeing the estimates; but
 22 based upon the dollars that the 1.5 percent represents, and
 23 the estimates for two of what is at least five or six or seven
 24 groups that I saw, I believe our decision -- or our assumption
 25 that the 1.5 percent was reasonable was more than validated.

91:20-25

1
 2
 3 In Re:) Doc
 4) PRO
 5 The Financial Oversight and)
 6 Management Board for)
 7 Puerto Rico,) (Jo
 8 as representative of)
 9 The Puerto Rico Public)
 10 Buildings Authority,)
 11 Debtors,)

CONFIRMATION HEARING - DAY THREE

BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURENCE

UNITED STATES DISTRICT COURT JUDGE

AND THE HONORABLE U.S. MAGISTRATE JUDGE JUDITH

UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

ALL PARTIES APPEARING BY VIDEOCONFERENCE AND TELEPHONE

For The Commonwealth
 of Puerto Rico, et al.: Mr. Martin J. Bienenstock, PHV
 Mr. Brian S. Rosen, PHV
 Mr. Michael A. Firestein, PHV
 Mr. Michael T. Mervis, PHV
 Mr. Paul V. Possinger, PHV

For Puerto Rico Fiscal
 Agency and Financial
 Advisory Authority and
 the Governor of
 Puerto Rico: Mr. Peter Friedman, PHV

Nov. 10 Conf. Hr'g Tr.

Best Interests of Creditors

Text and Meaning of PROMESA

“The court shall confirm the plan if—

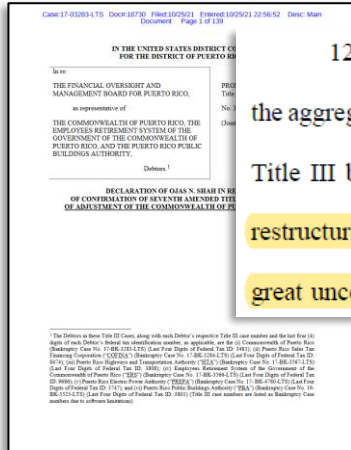
(6) the plan is feasible and in the best interest of creditors, which shall require the court to consider whether available remedies under the non-bankruptcy laws and constitution of the territory would result in a greater recovery for the creditors than is provided by such plan.”

Text and Meaning of Contracts Clause

“No State shall ... pass any Law impairing the Obligation of Contracts ...” U.S. Const., Art 1., Section 10.

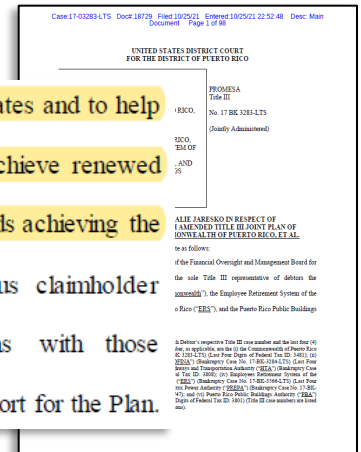
“Legislation adjusting the rights and responsibilities of contracting parties must be upon reasonable conditions and of a character appropriate to the public purpose justifying its adoption.” *U.S. Trust Co. v. New Jersey*, 431 U.S. 1, 22 (1977).

“Impairment of an obligation means refusal to pay an honest debt; it does not mean contriving ways and means for paying it. The necessity compelled by unexpected financial conditions to modify an original arrangement for discharging a city’s debt is implied in every obligation for the very reason that thereby the obligation is discharged, not impaired.” *Faitoute Iron & Steel Co. v. City of Asbury Park*, 316 U.S. 501, 511 (1942).



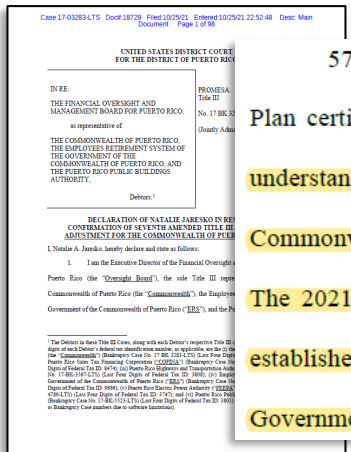
Shah Decl. Dkt. No. 18730

12. In general, the Plan for each of the Debtors will result in recoveries for creditors in the aggregate that are within the range or greater than the recoveries that they would receive outside Title III based on data available as of the filing date of the Reports. Absent a mechanism to restructure the Debtors' outstanding debt and pension liabilities, the Commonwealth would face great uncertainty, financial and political instability, and be subject to significant litigation. The



Skeel Decl. Dkt. No. 18731

13. The Oversight Board is continuing to work on achieving its mandates and to help Puerto Rico attain fiscal responsibility, gain access to capital markets, and achieve renewed economic prosperity and growth. I believe the Plan marks a significant step towards achieving the Oversight Board's objectives. The Plan embodies agreements with numerous claimholder constituencies resulting from the Oversight Board's extensive negotiations with those constituencies, and reflects the Oversight Board's ability to garner substantial support for the Plan.



Zelin Decl. Dkt. No. 18734

57. I have reviewed the Commonwealth's Fiscal Plans, including the most recent Fiscal Plan certified by the Oversight Board on April 23, 2021 (the "2021 Fiscal Plan"). It is my understanding based on this review that the 2021 Fiscal Plan provides a blue print for the Commonwealth to achieve, among other things, fiscal responsibility and access to capital markets. The 2021 Fiscal Plan contains a debt sustainability analysis ("DSA"), which creates a range established by the Oversight Board as the amount of debt and long-term capacity of the Government to pay debt service on its debt. Per my understanding of the 2021 Fiscal Plan, which

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Evidence Supports Reasonableness of Impairment

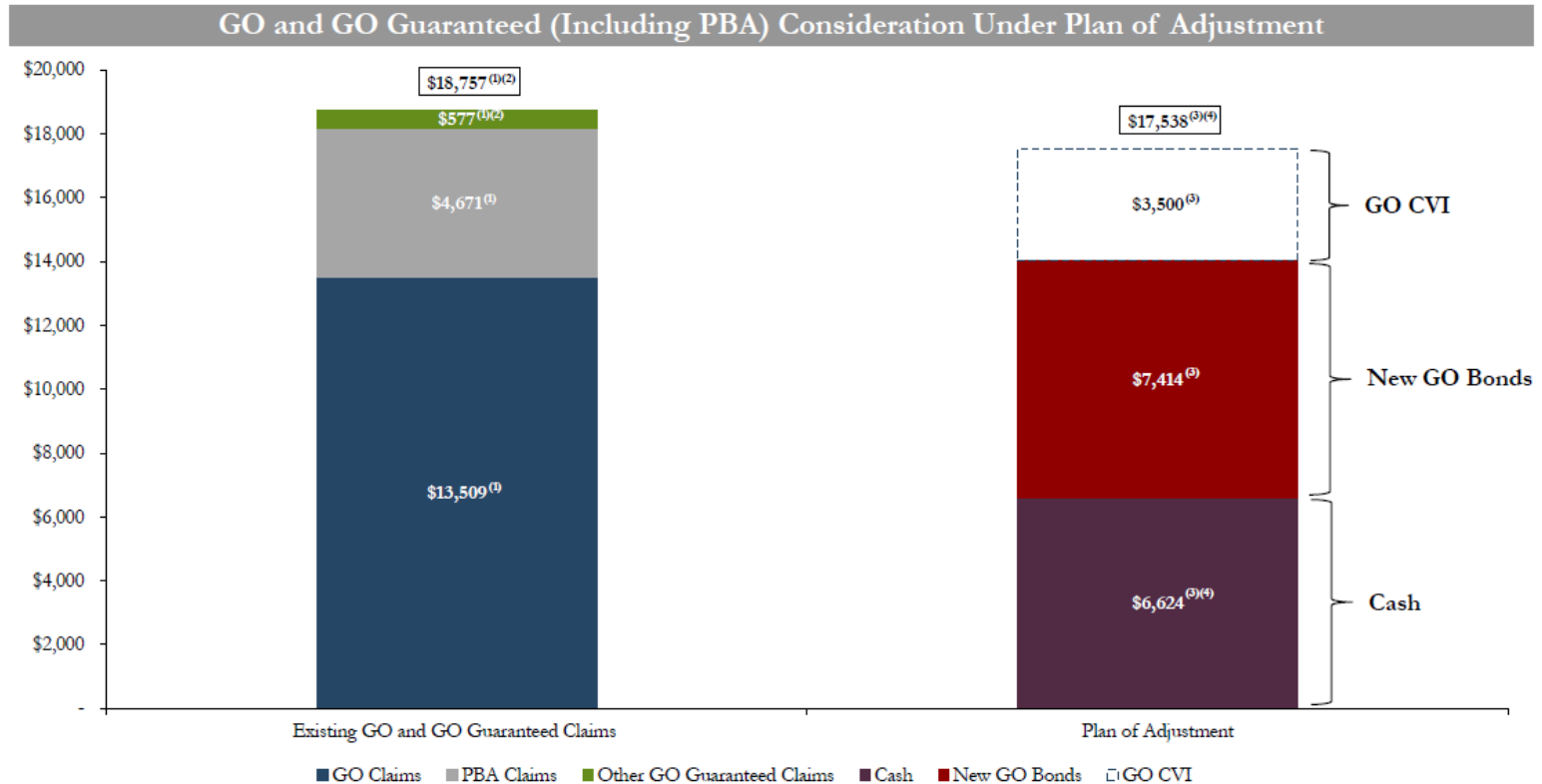
Bonds	Classes	Number Accept %	Dollar Accept %
Vintage PBA Bonds	1-7	92-63% - 100%	90.58% - 100%
2011 PBA Bonds	8-9	96.61% - 97.01%	98.82% - 99.77%
2012 PBA Bonds	10-11	89.76% - 98.44%	94.84% - 99.93%
Vintage CW Bonds	15-22	80-54% - 100%	91.55% - 100%
Vintage CW Guaranteed Bonds	23-29	95.24% - 100%	98.81% - 100%
2011 CW Bonds	30-33	96.43% - 100%	94.71% - 100%
2011 CW Guaranteed Bonds	34-35	96.17% - 100%	98.79% - 100%
2011 CW Series D/E/PIB Bonds	36-39	91.92% - 100%	89.81% - 100%
2012 CW Bonds	40-43	93.50% - 100%	93.64% - 100%
2012 CW Guaranteed Bonds	44-45	96.16% - 100%	99.89% - 100%
2014 CW Bonds	46-48	100%	100%
2014 CW Guaranteed Bonds	49	100%	100%

Source: Pullo Supp. Decl. at Ex. A, Dkt. No. 19115

Is Proposed Adjustment of Rights Reasonable and Appropriate?

LCDC "BEST INTERESTS"
DEMONSTRATIVE

GO & GO GUARANTEED (INCL. PBA) CONSIDERATION (\$MM)



(1) GO and GO Guaranteed (including PBA) claims based on Annex 2-A to Exhibit I of the Amended and Restated Plan Support Agreement dated July 12, 2021 (Debtors' Exhibit 16).

(2) Includes Hacienda Loans, GSA Loan, PRIFA Bond Anticipation Notes and Ports of the Americas Authority Bond.

(3) Recovery based on Annex 2-A to Exhibit I of the Amended and Restated Plan Support Agreement dated July 12, 2021 (Debtors' Exhibit 16).

(4) Excludes \$400 million for Consummation Costs, PSA Restriction Fee, Retail Support Fee and Retail Support Fee Return.

Teachings of *Faitoute* Apply to PROMESA

“Experience shows that three conditions are essential if the municipality is to be kept going as a political community and, at the same time, the utmost for the benefit of creditors is to be realized:

impartial, outside control over the finances of the city;

concerted action by all the creditors to avoid destructive action by individuals;

and rateable distribution.”

Faitoute, 316 U.S. at 510.